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COUNTRY Hong Kong

SUBJECT Communist Control of Nanyang Tobacco Company

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1. The Nanyang Tobacco Company has long been one of the leading cigarette manufacturers in China with plants in Shanghai, Hankow, and Hong Kong. In 1946 the controlling interests were held by T. V. Soong, now residing in New York, and several members of the Kan family. With the advent of the Communist regime the company was confiscated and has been operated in recent years as a nationalized facility. The manufacturing plant in Hong Kong since 1948 has been under the direction of a Mr. Loh and has been losing ground in its sales in the crown colony. About three months ago the Hong Kong facility was completely reorganized and Mr. Loh was requested to return to Shanghai but he resigned instead. The Nanyang Company recently began the sale of a blended cigarette using US grown burley tobacco and as a result is now the leading cigarette manufacturer in the colony, considerably ahead of its chief competitors, the British-American Tobacco Company and the Hong Kong Cigarette Company.

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2. [REDACTED] the Nanyang Company plant in the colony was operating six days a week producing a capacity production of 2,500 cases per month. He named the recently arrived managers of the Nanyang Company as T. C. Wu, assistant general manager and manager of the Hong Kong operations, and T. Y. Chow, first assistant general manager in charge of finances. He said "Chow is actually a former Shanghai banker and a representative of the Communist government of China. He is anti-American, but according to [REDACTED] been friendly and cooperative in business matters." [REDACTED] Mr. T. C. Wu and T. Y. Chow were sent from Shanghai to establish firm control of the company's Hong Kong facilities. [REDACTED] Mr. Frank Tze, production manager for Nanyang in Hong Kong told him that the company officials were recently instructed to remit all profits to the Shanghai office of the company.

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